

REQUIRES MONITORING
OR STAFF ACTION_____

COMMISSION DIRECTIVE

ADMINISTRATIVE DEPT. _____

DATE April 27, 2004

TRANSPORTATION DEPT. _____

DOCKET NO. 2004-0002-E

UTILITIES DEPT. XXX

ORDER NO. _____

SUBJECT:

DOCKET NO. 2004-0002-E – South Carolina Electric & Gas Company – Annual Review of Base Rates for Fuel Costs. Hearing held: April 21-22, 2004. This matter is ready for final disposition.

COMMISSION ACTION:

It is ordered:

(1) that the Commission approve the stipulation of SCE&G and the Consumer Advocate resolving the appeals of Dockets 2002-2-E and 2003-2-E and which adjusts the fuel account balance by \$25, 618,063;

(2) that the Commission find the purchasing practices of SCE&G during the review period prudent;

(3) that the Commission finds no instances during the review period which would give rise to unreasonable fuel costs;

(4) that based upon the forecasts supplied by SCE&G that a fuel factor of 1.821 cents per kilowatt-hour be approved for the next review period, with said fuel factor being effective on May 1, 2004;

(5) that the motion of the Consumer Advocate for a separate proceeding to review the Gas Supply Agreement between SCE&G and SEMI be granted; that such proceeding should be noticed and scheduled for hearing as soon as possible (to that end the parties are directed to begin their discovery and discussions so that this contract proceeding can be completed as soon as possible); that as part of this ordered proceeding and in order for the parties to have full discovery of the issues surrounding this complex contractual matter, SCE&G is ordered to provide the parties, pursuant to appropriate protective agreements if necessary, all contracts and agreements that have been executed among the participants to this transaction and which deal with the supply of gas to the Jasper facility; and that until the contract can be fully analyzed by the parties and brought before the Commission for a prudency determination that SCE&G be allowed to operate under the contract pending the prudency determination so as not to delay the scheduled operations of the Jasper plant.

(6) Further I direct SCE&G in future proceedings where forecasts and modeling are used to include in their presentation some historical data on the accuracy of the forecasts and modeling. I would also alert the other electric utilities which seek recovery of fuel costs under 58-9-865 to take notice of this requirement and to likewise present evidence of such historical data on the forecasts and modeling used in these fuel proceedings so that full analysis of the forecasts can be made.

(7) Finally, I would like some language included in the order which reflects this Commission's concern over the manner in which the gas supply contract was handled. Obviously, that gas supply contract is very important to SCE&G and to the operation of the Jasper plant. All parties should have been afforded sufficient time to fully examine the contract and to conclude discovery on the contract and hold discussions with SCE&G on the issues surrounding the contract. Because the contract was not timely provided to all parties or to this Commission after it was finalized, I have moved that the contract be examined in a separate proceeding. However, I think a word of caution should be issued that we expect these matters to be handled in such a manner that all parties are properly and fairly afforded adequate time to review and examine documents, data, and issues relevant to proceedings such as this.

PRESIDING ClyburnCLYBURN YesFLEMING YesHAMILTON YesHOWARD YesMITCHELL YesMOSELEY MotionWRIGHT Yes**REGULAR SESSION X****SPECIAL SESSION _____****TIME OF SESSION 10:30AM**

APPROVED _____

APPROVED STC 30 DAYS _____

ACCEPTED FOR FILING _____

DENIED _____

AMENDED _____

TRANSFERRED _____

SUSPENDED _____

CANCELED _____

SET FOR HEARING _____

ADVISED _____

CARRIED OVER _____

RECORDED BY P. D. Riley